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## NEW ZEALAND'S RELATIONS WITH THE US AND CHINA SINCE 2016

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**Abstract:** The paper traces distinctive characteristics of New Zealand's dialogue with the US and China since 2016. The South Pacific economic and security processes have received much attention in recent years, after China's mega-strategy the Belt and Road Initiative was extended to the South Pacific. Nevertheless, the regional economic and political-security nexus is a complex picture, one that is not captured by existing academic publications. In light of this, the article takes a step forward in increasing knowledge of how relations between South Pacific actors evolve. The issue of New Zealand-US and New-Zealand-China relations are studied from a historical perspective. It is analysed in terms of main trends and development factors during the past years: the policies of two American administrations under D. Trump and J. Biden, as well as against the backdrop of an escalating trade war between the two super-powers in 2018. In addition, the paper assesses the impact of Sino-American relations since 2016 on the evolution of major South Pacific processes. It specifies the influence of Sino-American rivalry on bilateral and multilateral relations in the South Pacific and, in particular, on New Zealand's internal and foreign policy. The findings indicate that although China is New Zealand's most important economic partner whose significance is growing, Wellington is unwilling to side with Beijing to the detriment of cooperation with other partners.

**Keywords:** *China, US, South Pacific, New Zealand, trade war, cooperation*

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Научная статья. Политические науки

## ОТНОШЕНИЯ НОВОЙ ЗЕЛАНДИИ С США И КИТАЕМ ПОСЛЕ 2016 ГОДА

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**Аннотация:** В статье прослежены отличительные особенности отношений Новой Зеландии с Китаем и США после 2016 года. В последние годы экономическим процессам и вопросам безопасности в южной части Тихого океана уделяется большое внимание после того, как Китай распространил свою мега-стратегию Инициатива "Пояс и путь" на Южную часть Тихого океана. Вместе с тем, региональная взаимосвязь экономики, политики и безопасности представляет собой сложную картину, которая не отражена в существующих академических публикациях. Учитывая это обстоятельство, статья содействует расширению знаний об отношениях между акторами Южно-Тихоокеанского региона. Отношения Новой Зеландии и Китая, и Новой Зеландии и США рассматривается в исторической перспективе. Эти отношения проанализированы сквозь призму их основных тенденций и факторов развития в течение последних нескольких лет: во время президентства Д. Трампа и Дж. Байдена, а также в условиях эскалации торговой войны между двумя сверхдержавами в 2018 году. Кроме того, в работе проводится оценка влияния китайско-американских отношений с 2016 года на эволюцию основных процессов Южно-Тихоокеанского региона. Уточнено влияние китайско-американского соперничества на двусторонние отношения и многосторонний диалог в южной части Тихого океана и, в частности, на внутреннюю и внешнюю политику Новой Зеландии. Вывод статьи таков: несмотря на большую и постоянно растущую значимость Китая для Новой Зеландии, Веллингтон не готов сделать выбор в пользу Пекина в ущерб своему сотрудничеству с другими партнерами.

**Ключевые слова:** *Китай, США, Южно-Тихоокеанский регион, Новая Зеландия, торговая война, сотрудничество*

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The foreign policy strategy of each country is a complete explanation of the state's basic values, priorities, principles, aims and objectives, based on the law of the state and the international law. They set foreign policy vision and ensure that national interests of the country on the international arena are promoted and safeguarded. There is no difference in how big or small a state is, as any state must have an effective system of communication with foreign partners. However, due to economic or political influence, specific components relevant to foreign policy can differ significantly. This

is what happens in the South Pacific region that is trying to hedge risks in relations between the United States and the People's Republic of China.

New Zealand is a convenient case in point to analyse how a small power builds relations with much more powerful partners. To trace the extent to which Wellington has succeeded in navigating between Washington and Beijing is a timely exercise.

### **Whither New Zealand – US Relations?**

Relations between New Zealand and the US have traditionally developed without major setbacks (although the ANZUS factor cannot but be mentioned). Nevertheless, Wellington strongly depends on the international context created by Washington.

In 2016-2020, major factors of change in bilateral relations of New Zealand and the US included the trade war and its effects, prospects for the US' participation in East Asian economic regionalism after the US withdrew from the TPP, as well as prospects for the US' joining the CPTPP. According to available information<sup>1</sup>, the level of New Zealanders' approval of the US' actions was high. In 2017, however, it started to decrease. The main reason is evident, as people in New Zealand did not approve the policy implemented by the Trump administration. This level is still higher than the level of support of the PRC government, but the gap between these two indicators is less evident than it was before the end of 2016.

US-centrism and protectionism, a rejection of global values and other features of the Trump administration of the USA cannot just pass by unnoticed in New Zealand and other countries. New Zealand was one of the countries that experienced trade changes as the Trump administration imposed tariffs on steel and aluminium imports from New Zealand. Even though these actions influence on New Zealand from the commercial point of view, Wellington's representatives declared that they would not "add its voice of criticism and dissatisfaction to the global pressure and condemnation on Trump"<sup>2</sup>.

In its turn, the Biden administration worked (and continues to) on changing the course of Trump's policy in the South Pacific. For example, his administration strengthens cooperation between the US and New Zealand in environment-related issues. It means that the new circle of assessment factors of changes will be finished only with the end of Biden's tenure.

Back to 2020, Biden's policy took steps aimed at re-energizing relations with New Zealand<sup>3</sup>. The US President had a phone call with Jacinda Ardern (the ex-Prime Minister of New Zealand) and claimed that he was

ready to contribute to developing trade and other areas like, for instance, climate change and the COVID-19 aftereffects.

The Biden administration aims to increase support, especially from its traditional South Pacific partners, in dealing with China. While Australia seems ready to continue supporting the US, New Zealand does not share this sentiment. Balancing economic and other directions (like, for instance, cooperation with Taiwan) in relations between the South Pacific states and the PRC, is a challenge for both Washington and Wellington, as well as for the South Pacific small states themselves.

Factors of continuity in the US Foreign Policy Strategy, apart from those mentioned above, include historically well-established military connections and sustainable people-to-people ties. Regarding the former, Washington and Wellington have ample chances to overcome the existing problems, possibly, more easily than other Asia-Pacific actors. This feature is a factor of continuity in the policies of both the Trump and the Biden administrations. Concerning people-to-people relations, they have been and remain truly well-developed regardless an on-going political situation.

The events of the past two years have only proved that relations between New Zealand and the US returned to a traditional friendship. In 2022, for example, the countries issued a joint statement on the development of bilateral relations that focused on regional security, Indo-Pacific prosperity, transnational challenges, human rights, and other critically important issues<sup>4</sup>. In 2022, before the pandemic officially ended, New Zealand announced that it would open its borders to inoculated Americans and lift COVID-related restrictions on them<sup>5</sup>. In May 2023, a visit by the New Zealand prime minister to the United States-Pacific Summit was announced, the first official meeting between the prime minister-elect in January 2023 and the US President J. Biden<sup>6</sup>.

In the years to come, the most probable outlook is as follows. Cooperation between the US and New Zealand will demonstrate both formal and substantial indicators of growth. If so, the biggest hope for both nations is to maintain their tempo regardless any points of misunderstanding. Both countries have well-scheduled joint activities in many areas<sup>7</sup>. Despite a decrease in cooperation between Washington and Wellington after New Zealand withdrew from ANZUS in 1986, military ties have not been closed. At the same time, although New Zealand derives tangible benefits from this cooperation, it demands more autonomy. Plus to that, Wellington expects Washington to offer the region a new multilateral trade initiative as a substitute for the TPP and the CPTPP.

There are various factors of continuity in relations between the US and New Zealand. The basis of these factors relies mostly on traditional spheres of partnership, which remained the same during presidencies of previous leaders. The main change in Trump's strategy related to trade issues. Other areas of dialogue between New Zealand and the US that embrace political interactions, cultural and academic ties, etc. did not suffer much. Some processes (for example, educational exchanges or diplomatic connections) are efficient because of the inertia factor.

### **The "Chinese Card" in New Zealand's Foreign Policy Arsenal**

Relations between China and the NZ during the last several years have positive dynamics. Last year, Beijing and Wellington celebrated the 50<sup>th</sup> anniversary of the establishment of the diplomatic relations. In a document released by the Chinese Foreign Ministry, those relations were described as contributing to "a healthy and stable development"<sup>8</sup>. China is New Zealand's largest trade partner and the second largest origin of tourists.

As for major factors of continuity in New Zealand-China relations, two countries maintain dynamic trade exchanges. It was high even after the COVID-19 pandemic started<sup>9</sup>. Cultural connections are flourishing, and the parties to increase their scale and intensity after the pandemic.

Arguably, the most important factor of continuity in the relations between New Zealand and China accounts for environment-related issues. Wellington and Beijing work together on many issues, including maritime protection, climate change and gas emissions. In 2008, New Zealand and China signed an agreement addressing this issue – the Environment Cooperation Agreement<sup>10</sup>. In 2019, another statement on climate change was made<sup>11</sup>. New Zealand and China confirm their obligations to use political, technical, and scientific collaboration in order to jointly work on climate change issue by practical interactions and negotiations. Both countries admit a necessity to implement reforms in fossil fuel subsidies as their top priority<sup>12</sup>.

The main change in their relations relates to the political area. New Zealand and Australia jointly criticize China on human rights-related issues: Hong Kong, Taiwan, Xinjiang and Tibet. Plus to that, there are technology espionage scandals in which Chinese companies are involved<sup>13</sup>. Furthermore, in 2020 Taiwan (which is not the WHO member) expressed its intention to join and obtained support from New Zealand<sup>14</sup>. Taiwan now has a strong support from the US and tries to win the allowance to become the WHO observer. The ex-minister of New Zealand Foreign Affairs de-

clared that Taiwan could join the WHO as an observer. The main reason of this is Taiwan success-story in fighting coronavirus, which can be useful for South Pacific states, as well as for the world community.

Wellington's officials stress that this statement will not affect relations between China and New Zealand, as these relations are based on the atmosphere of "friendship". Chinese Foreign Ministry spokesperson responded on these hopes and again warned New Zealand not to violate the main principle of maintaining diplomatic relations with China – the One China Policy. Beijing also stressed that it had its own measures and opinion towards Taiwan's participation in the WHO<sup>15</sup>.

There are issues on which China and New Zealand have long agreed and actively promoted, such as the environmental agenda and climate change. At the same time, and there are issues on which they differ and the latter are sometimes particularly sensitive. In 2022-2023, a possibility of New Zealand's joining AUKUS and China's reaction and counter-actions have been discussed<sup>16</sup>. The reaction is understandable, as China remains New Zealand's most important trading partner.

All this comes against the backdrop of joint meetings of the Heads of the Ministries of Science and Education of two countries in May 2023, the strategic dialogue in Xi'an between the militaries of the two countries also in May 2023 and the cancellation of the visit of New Zealand's top officials to Beijing<sup>17</sup>. While the position on China of the previous New Zealand administration was clear, what the new administration is preparing and how it will affect relations with China is still an open question.

In sum, a priority of New Zealand's foreign policy is not to hedge between China and the US and avoid concomitant risks. Rather, Wellington's main task is to increase trust in dialogue with either partner. While the PRC and the US are jostling for influence, New Zealand must play the role of a country which knows how to win from their tensions.

### **A Hedging Perspective**

Sino-American relations and ambition of either state profoundly affect the South Pacific developments. Now that the Biden administration declares that it needs support from its traditional partners, including those from the South Pacific, many of them need to understand their position on the international arena and choose whether to stay with the Chinese financial aid or join the US in its strategy of counterbalancing China. However, they all must benefit from economic cooperation with China and from their security ties with the US.

Although differences in their views on selected political issues can influence on the South Pacific states, these tensions are not serious. For example, the question of Taiwan – even though the US supports it and many American politicians (including M.Pompeo) have express the need to recognize the ROC government, Washington’s position is unchanged: the US admits “One China policy”.

The United States often assesses the Chinese foreign policy as aggressive and too ambitious. Not only ex-president Donald Trump, who forced US-Chinese trade war, had concerns about China. In fact, in 2021 J.Biden has stated that he will continue the policy of the previous administration in this issue<sup>18</sup>. According to the new president, the QUAD Plus can uphold American values and wills to democracy, to human rights and fights against [Chinese] authoritarianism.

Moreover, the US is planning to decrease China’s influence in Asia in other spheres, as it stimulates its QUAD partners to create supply chains of rare-earth procurements<sup>19</sup>. Using QUAD as an instrument, the US is trying to establish itself as an indispensable regional actor. As the US played this game in the Cold War with the Soviet Union, nothing prevents Washington from repeating this scenario.

The main US point of vulnerability is that all the QUAD members have strong economic ties with China. For example, Australian and New Zealand’s trade and investment exchanges with the PRC are impressive. The same is true with regard to Japan and India, other QUAD members.

The PRC’s official position on QUAD cannot be positive for obvious reasons. At the same time, in most of the cases China tries to stay neutral and does not openly blame QUAD countries for anti-Chinese sentiments. Traditionally, China avoids aggressive rhetoric in its official speeches and publications. Nevertheless, potentially unfriendly or even hostile developments in the vicinity of the PRC borders is a point of its vulnerability.

All these factors are taken into consideration by New Zealand. Historically, Wellington has maintained good relations with all the QUAD states – from the nearest Australia to the farthest Japan. And while Australia tends to politically step away from China, Japan and New Zealand seem to be in a similar position. Both countries vacillate between opportunities which can give the US and opportunities from China.

However, there is an important difference – in comparison to the US, India, Australia and Japan, New Zealand had never conflicted with China. Wellington and Beijing have no territorial disputes, political misunderstanding, and even economic confrontation. New Zealand, whose trade ties with China (one of its largest trade partners) stand on one part of the scales

and political ties with the US on the other, is a unique example of potential partner for the QUAD. To provide its citizens with goods, ensure economic stability and maintain high living standards, Wellington cannot underestimate the importance of economic cooperation with China.

Revealingly, Wellington stated that Washington must increase its attention to South Pacific due to the fragility of the region<sup>20</sup>. If New Zealand joins the QUAD, it can expect support from India, from Japan and the US. More than that, New Zealand can potentially be a link between the US and the South Pacific small island states (although much work must be done to make this scenario truly realistic). From this perspective, the US needs to pay more attention to New Zealand's role as a regional "goodwill ambassador".

As for New Zealand, it needs to understand all the chances as well as all the risks to gain maximum profit from cooperation with the QUAD states. Simultaneously, Wellington must duly assess risks of decreasing economic cooperation with China. Perhaps, the early decades of the 21<sup>st</sup> century will demonstrate how small countries take profit from multi-directional cooperation, hopefully, to the best advantage of all its participants.

### Conclusion

In the past few years, the South Pacific region has become an area of growing competition between the US and China. This is magnified by the implications of the US-China controversies over trade and technological issues for major global and, by extension, regional processes.

In relations with the US, New Zealand has developed a considerable margin of safety. Although relations between New Zealand and the US have never been as close and conflict-free as, for instance, the US-Australia dialogue, nevertheless, both parties have traditionally prioritized cooperation over conflict. Economic and socio-cultural exchanges have been well-developed, political trust support is still present, the factor of cultural proximity plays an important role.

In contrast, New Zealand appears to be on a more careful course in its relations with China. Developing relations with Beijing, Wellington attempts simultaneously to develop economic and cultural ties and to increase cooperation on, for example, environmental protection projects. Simultaneously, Wellington cannot but take into account the positions of Washington and Canberra on China's policy and specifically, on the implications of the Belt and Road Initiative for the South Pacific Region.



The example of New Zealand is interesting, as it allows tracing the regional policy of the middle power that attempts to build relations with much more powerful partners. Hopefully, Wellington possesses or will be able to obtain instruments necessary for performing this task successfully.

**ИНФОРМАЦИЯ ОБ АВТОРЕ**

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